



VOLUME II, NUMBER 5

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An Invitation From Betsy Hicks...

Dear Colleague:

I want to extend a special invitation to all Direct Loan schools to attend one of two conferences entitled "Electronics: Riding the Road to Success" to be held this fall in Lake Tahoe, NV, and Atlanta, GA. The conferences will offer an opportunity to learn about and provide comments on the Department's electronic Title IV application systems. The agendas for the conferences are identical and include special sessions for beginners and also on use of custom software. The conference in Lake Tahoe will be held November 12-14. The conference in Atlanta, GA, will be held December 8-10.

To make registration as convenient as possible, travel information and a registration form (and a short list of the workshops) are included as an insert to this *Newsletter*. The registration form should be completed and returned by October 1, 1996. There are no registration fees for the workshops. We encourage your immediate response, however, because attendance is limited for both workshops.

We have made special arrangements for discounted travel and lodging for the conferences. To take advantage of the discounts, call the hotel and airline numbers provided in the insert or have your travel agent call immediately.

I look forward to seeing you at one of these exciting and informative conferences.

Sincerely,

Elizabeth M. Hicks

REGIONAL TRAINING FACILITIES

To make training more accessible to all schools, the Department of Education has opened training facilities in Atlanta, Chicago, Dallas, Denver, New York, San Francisco, Seattle, Kansas City, MO, and at headquarters in Washington, D.C. The Boston training facility should be operational by the end of September. The Philadelphia facility will be opened in the near future.

Each training facility is equipped with the latest computer technology and audiovisual equipment including a sound system with wireless microphones, CD-ROM, a ceiling-mounted projector, video presenter, VCR, television monitors, sound board for presentations, and a program that permits the instructor to control all 20 student computers at the same time.

Since the first facilities opened in June 1995 in Atlanta and San Francisco, the Department has offered regularly scheduled program and technical training on the Direct Loan program, EDEExpress, and several Title IV Update training sessions. In the near future we plan to schedule "lab days" for those who wish to use the facilities to practice and hone their skills on EDEExpress and the Department's other electronic systems. See page 3 of the *Newsletter* for a summary of upcoming training at our regional training facilities.

FIRST ANNIVERSARY OF DIRECT LOANS NEWSLETTER

The September/October 1996 edition marks the first anniversary of the *Direct Loans Newsletter*. During the past 12 months, we have found the *Newsletter* to be a useful tool for providing information about Direct Loans and so we will continue to publish it.

We would like to know how we can better serve you through the *Newsletter*. Visit our web site and share your interests with us. The URL is <http://www.ed.gov/offices/OPE/DirectLoan/>

GENERAL INFORMATION AND ADMINISTRATIVE TIPS FOR NEW HEAL LOANS

Because the Health Education Assistance Loans (HEAL) Program is closed to **new** borrowers, the Secretary has increased the annual unsubsidized loan limits under the FFEL and Direct Loan programs for borrowers who would have otherwise been eligible for loans under the HEAL Program. This change is effective for loan periods beginning on or after July 1, 1996. The Secretary is not, at this time, increasing aggregate loan limits in either the FFEL or Direct Loan programs.

We thought the following general eligibility information and administrative tips on how to originate loans at the higher annual limits might be helpful. If you have questions regarding eligibility or loan origination for the new maximum loan amounts, please call the Direct Loan Policy office at (202) 708-9406 for eligibility questions or the Loan Origination Center's School Relations staff at (800) 848-0978 for origination questions.

General Information

- ▶ To be eligible to award Unsubsidized Stafford or Direct Unsubsidized loans at the higher limit, a school must have made disbursements of HEAL Program loans during Federal Fiscal Year 1995 (October 1, 1994 through September 30, 1995).
- ▶ There is no needs analysis test required for the extra loan amounts as with HEAL. Generally, regular unsubsidized loan eligibility rules will apply to these extra funds up to the HEAL limits. However, to receive the additional amounts, the student must be enrolled full time.
- ▶ Students who are eligible to receive HEAL Program loans (students who received HEALs prior to October 1, 1995) may **not** receive Unsubsidized Stafford or Direct Unsubsidized loans above the current annual maximum of \$18,500. These borrowers may continue to participate in the HEAL Program until they complete their course of study.
- ▶ Schools must use the current HEAL Program and academic discipline loan limit requirements to determine the maximum annual Unsubsidized Stafford or Direct Unsubsidized loan amount an eligible student may borrow.
- ▶ The maximum combined subsidized and unsubsidized loan amount that a student may borrow in one academic year varies according to the type and length of the borrower's program. A school may determine the new annual maximum loan by adding the total unsubsidized maximum of \$18,500 to the amount the borrower would have been eligible for under the HEAL program.

Administrative Tips

- √ You may use the current Direct Loan Promissory Note and the FFEL Application/Promissory Note for the increased loan amounts. Follow your current procedures for printing and signing the notes and batching and exporting the information, etc.
- √ If you use EDEExpress you will need to create more than one loan for the additional amount because the maximum loan edit the EDEExpress software will allow is \$18,500. Schools should make the first loan for the maximum allowed under the regular unsubsidized calculations and a second loan for the additional amount the student is eligible for because of elimination of the HEAL program to new borrowers. We apologize for any inconvenience and hope to change this in the 1997-1998 version of the software.
- √ If you do not use EDEExpress you may need to create either one or two additional unsubsidized loans, based on your system's internal edits.

√ Keep a list of the additional unsubsidized loans made as a result of the elimination of the HEAL program to new borrowers. At some point in the near future, you will be asked to list these loans to help us determine the number and dollar amount of these loans.

STUDENT GUIDE RANKED BEST WEB SITE

The *Student Guide* web pages received a 4-star rating by Yahoo, one of the leading World Wide Web search companies. It was ranked as the *best* web site in the student financial aid category. Yahoo described the *Student Guide* as “a glowing example of our tax dollars being put to good use.”

The Yahoo review suggested that parents and students need not look any further than the *Student Guide* for information about how to pay for higher education --

If you're thinking about paying a scholarship search organization for information about student aid sources, you should know that over 80 percent of all aid awarded comes from federal and state programs. Another 19 percent comes from institutional and other sources of aid. In other words, you shouldn't have to pay to get information about financial aid-period.

The *Student Guide* has information about all federal student financial aid (SFA) programs including grants, loans, scholarships, work-study and the AmeriCorps Program. The *Guide* also provides guidance to parents and students about how to obtain information about other sources of financial aid. The *Student Guide* is free and can be ordered by calling (800) 4-FED-AID (800) 433-3243) or may be downloaded from the Department of Education's World Wide Web site http://www.ed.gov/prog_info/SFA/StudentGuide/

DIRECT LOAN TRAINING CENTER SCHEDULE

Getting Started in EDExpress

These two-day sessions are designed for financial aid personnel with day-to-day responsibilities for electronic application processing and other electronic functions. The training is “hands-on” computer training, with exercises designed to increase trainees’ skills and comfort level with the software. Training will be held in:

Boston, MA October 9-10;
November 13-15; December 3-4
Atlanta, GA September 25-26;
December 11-13*
Dallas, TX October 8-9; November 6-7; December 3-5*
Denver, CO October 8-10*;
December 11-12
Seattle, WA October 16-17;
October 31-November 1; December 3-5*
New York, NY October 16-17;
October 23-25*; November 21-22;
November 13-14; December 11-12
Chicago, IL October 8-10*; October 17-18; November 14-15; November 19-20; December 3-4; December 12-13
Kansas City, MO October 15-16;
October 24-25; November 6-8*;
December 3-4; December 11-12
San Francisco, CA October 8-10*;
November 19-21*; December 3-4
Washington, DC October 22-23;
November 5-6; December 11-13*

* A packaging module is included on the last day of the three-day sessions.

Direct Loan Cash Management and Data Matching

This two-day training session is designed to provide school and/or third-party servicer staff who have “hands-on” familiarity with and working knowledge of the Direct Loan processing. The training will help with the cash management of Direct Loan funds and show you how to complete the required monthly data match (recording and transmitting loan origination records, promissory notes, and disbursements with the Loan Origination Center). Training will be held in:

Boston, MA October 30-31;
November 6-7; December 12-13
Dallas, TX October 29-30;
November 13-14
Denver, CO October 22-23;
December 3-4
Seattle, WA October 9-10;
November 6-7
New York, NY October 21-22;
December 18-19
Chicago, IL October 1-2; October 30-31
Kansas City, MO October 22-23;
December 5-6
San Francisco, CA October 21-22;
October 23-24
Washington, DC November 19-20; December 17-18

Direct Loan Training for Year 3 Schools

This two-day session provides an overview of the Direct Loan Program and offers hands-on computer training with the Direct Loan module in EDExpress, the PC software provided by ED. Training will be held in:

Dallas, TX October 22-24

ANNOUNCEMENTS AND PUBLICATIONS

VISIT DIRECT LOAN'S NEW WEB SITE

We have just completed the redesign and expansion of the Direct Loan web site. Web browsers will immediately notice the Direct Loan home page has a new look, but we've added more than just a new look! We have designed a more user-friendly and easier-to-navigate site that will provide faster access to information about the Direct Loan program. Schools, borrowers and other web browsers will be able to receive more information quicker and access to certain Direct Loan services via the web.

By the mid October, we plan to have all Direct Loan publications for borrowers and schools on the web, in a searchable format and also a Portable Document Format (PDF) for those with appropriate viewers. Borrowers will be able to determine their financial needs for school by using our interactive budgeting worksheet, calculate loan payments under all four repayment options, and request deferment and forbearance forms. We plan to link to the home pages of Direct Loan schools. Visit the Direct Loan home page. The URL is <http://www.ed.gov/offices/OPE/DirectLoan/>

ABOUT OUR NEWSLETTER

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Copies are available free of charge upon request from the Direct Loan Servicing Center, School Relations Division, 1-800-848-0978 OR the newsletter may be downloaded from the Internet on <http://www.ed.gov/offices/OPE/DirectLoan/>

DIRECT LOAN PUBLICATIONS ON THE WEB

All About Direct Loans provides information for borrowers about the Direct Loan Program.

Direct Loans: A Better Way to Borrow provides a brief overview about the Direct Loan Program.

PLUS Basics provides Direct Loan information for parent borrowers.

Entrance Counseling Guide for Borrowers covers topics such as interest rates, capitalization of interest repayment plans, deferments, forbearance and default consequences.

Entrance Counseling Guide for Counselors offers tips to schools about what to cover in entrance counseling.

Exit Counseling Guide for Borrowers explains the various repayment plans, Direct Consolidation Loans, deferment, forbearance, and discharge and the consequences of default.

Exit Counseling Guide for Counselors offers tips in organizing counseling sessions and includes an outline of discussion topics.

1996-97 Repayment Book explains in detail the four repayment plans available under Direct Loans and gives examples about how each plan works.

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